ISSUES REGARDING THE FUTURE OF KNOWLEDGE MANAGEMENT

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Key words: knowledge management, future, project, change

Abstract
This paper intends to study some key topics we consider directly relevant that will increasingly affect an organization's ability to obtain value from knowledge resources – we will examine them in turn: rapid pace of change, shift from value chains to value networks, and mobilizing knowledge in boom and bust. The paper tries to identify future changes made possible by knowledge management inside organizations.

1. INTRODUCTION

We would like to present a wide view: our assessment of the business issues that will impact on organizations, knowledge, and information in the future. There are many huge sources of potential change out there – including things like the demographic time-bomb of aging population and low birth rate in the industrialized world, with knock-on effects on pensions, immigration, skills, loss of knowledge and experience, and so forth – that are simply too big to tackle in a volume such as this, but nevertheless have dramatic implications for knowledge and wealth creation in the global and national organizations so many of us work for. However, there are several key topics we consider directly relevant that will increasingly affect an organization's ability to obtain value from knowledge resources – we will examine them in turn: rapid pace of change, shift from value chains to value networks, and mobilizing knowledge in boom and bust.

2. THE IMPORTANCE OF RAPID CHANGE

There is little worse in a knowledge management project than confusing people as to how they should behave – giving out conflicting messages, and going through cycles of significant changes in a seemingly unplanned way. These cause staff to switch off their attention and ignore the majority of messages. This is called initiative fatigue, and we don't need to wait decades to experience it: in most organizations, it's with us already. Partly a consequence of 'good' changes in organizations, such as the empowerment of individuals, and increasing reliance on flexible matrix management structures, organizations increasingly struggle to manage company-wide (or even business unit level) programmes such as process change, systems roll-outs or organizational restructuring. At the same time, workers are bombarded with additional demands – quality measures to be met, revised appraisal systems to adopt, new technologies to learn to use, new processes to be learned and integrated – and that's before they do any 'work'.
'Death by initiative' is not very pleasant – and not made any more palatable by the fact that there is often little coordination at the top. In fact, management incentives can often fan the flames. It is based on poor management, and a lack of understanding of how organizations work. Classical management theory, from Adam Smith to Frederick W. Taylor, is based on the idea that organizations are complicated, but manageable – cause follows effect. The analogy is an aeroplane – all its parts are numbered, and it is possible to improve it by changing the engine output or slightly modifying the wing geometry. But organizations aren't complicated – they are complex, meaning that the relationships are not necessarily known or easy to manipulate. This is more like quantum physics or chaos theory – where large inputs may have little effect, or relatively small inputs very large ones, depending on

interactions of currents and thresholds. So how to avoid knowledge management becoming yet another initiative for people to contend with in the maelstrom of corporate change? What if knowledge management is in competition with other programmes – such as CRM, e-procurement, e-business, organizational development or culture change programmes? The recommendation is: don't argue.
Throw away the knowledge management label, just make sure that mobilizing knowledge thinking and techniques are built into these other programmes – ensure that when these programmes are designed, due consideration and space are given to knowledge sharing, capture, and reuse, and that the opportunities for organizational learning are written into the goals and objectives of the project team.
Part of the drive for an ever-greater number of initiatives comes from increasingly feature-rich and occasionally ground-breaking technology. Businesses are already looking to exploit the next wave of mobile and wireless technology – GPRS, UMTS, 4G and Bluetooth – which enable devices to transmit all sorts of data at higher bandwidth than now, and more importantly to be 'always on' – no need for expensive dial-up access. Part of the challenge is new pricing strategies – so-called 'M-commerce' that will allow payments to be made via phones and other mobile devices.
At the same time, there are a number of behind the scenes technologies that will make deployment quicker, easier and more straightforward: the development of XML (and its adoption as a standard) will make information transfer (based on standardized metadata) between systems and devices much more transparent – while new software standards such as html5 provide a standardized development environment that should make applications increasingly portable (at least across the range of supported devices, which include iPhones, Google's Android and WebOs supported devices, or Nokia).
Ideally, we should know by now how to manage organizational change in pursuit of exploiting new information and communications technologies – some organizations do it quite well, but many still do it rather badly. They should have a better chance of delivering on the anticipated benefits.

3. REDIRECTING VALUE CHAINS TO VALUE NETWORKS

If technology initiatives in a reasonably static organization are difficult to implement, then it becomes much harder in a dynamic environment. In 1980, Michael Porter revolutionized thinking about how companies do business by coming up with the value chain model: this defined organizations' business into two kinds: ones which directly added value, in a process model (e.g. research and development, followed by materials procurement, followed by manufacturing, followed by sales, followed by distribution, followed by after-sales service), and ones which supported business activity across the piece (e.g. IT systems and human resource management). This was what drove the focus on process change that ultimately led to the Business Process Reengineering movement.
Porter's model is taken for granted these days – but increasingly, organizations don't look like this. Most people are familiar with outsourcing – for example, most IT systems are now run by specialist outsourcing companies – leaving only a handful of top-level people within the organization to control overall direction and strategy. But in some industries, outsourcing has gone very much farther: in some cases, boundaries between companies and supplier partner organizations have more or less gone altogether.
As boundaries blur between elements of the value network, all sorts of knowledge and information issues arise. How do companies protect their intellectual property in such an environment? Patents can be expensive. How can true partnerships be created and sustained? If firms are looking to outsource, what roles and responsibilities should they

retain? What if firms decide they need to bring things back in-house – what danger is there to business continuity from the potential loss of organizational memory as the outsourced departs? There is a real danger of corporate amnesia concerning how parts of the business have been run.
There are no easy answers to any of this – but with careful boundary management, organizations are making a success of these 'supply network' ventures. But the very issues that arise suggest that very careful attention to knowledge management issues might pay dividends in future, not only for risk management purposes, but for building future success. Mergers and acquisitions are almost the same situation in reverse: multiple cultures, loyalties, systems, processes, infrastructures, brought together due to a deal typically conducted in secret. Some believe that one of the reasons that more mergers and takeovers destroy shareholder value is that too much attention is given to the balance sheet and analysts earnings forecasts, and not enough to organizational knowledge. Often, the IT director is the last to find out about a merger – despite the fact that the cost of systems integration (let alone the softer elements such as information sharing and culture) can be enough to delay payback from supposed market 'synergies' or rationalization for a considerable period. Attention to detail can make all the difference in such a situation.

4. MOBILIZING KNOWLEDGE IN BOOM AND BUST

Knowledge management is a relatively new discipline – born essentially in the early 1990s, when the business world was climbing out of recession. It never had to face a downturn until 2000, when the stock market correction that followed in the late 1990s hit profits hard. Following a period of overextension for many companies, the crash hit hard, especially in the technology sector, leading to the first substantial layoffs in many years in knowledge-critical industries such as telecoms and electronics.
The knowledge management community was still coming to terms with this new reality. From a situation of coping with information overload, some companies went quiet – with little on the order books and there was not enough for some people to do. Reduced demand across the board put pressure on margins as firms discounted to bring in business – and the overall impact on revenues was substantial. In such a loss-making situation, whole areas of business fell away rapidly for some organizations – the imperative for those hoping to stay solvent was to act to maintain cash-flow. This added up to pressure to cut costs, sometimes dramatically – leading to downsizing, including closure of whole divisions and retreat from efforts to expand into new markets.
By far most organizations – and most jobs – survive a downturn. For these companies there are even some benefits in a downturn: moving from a tight labour market, suddenly they faced less competition for skilled labour, so it became easier to retain staff, while at the same time macro-economic conditions meant there was less upward pressure on wage costs. Indeed, the sudden availability of specialist staff could even mean an opportunity to grow – this was particularly the experience of small to medium sized consultancy firms, who were able to snap up experienced talent released from the larger players who would otherwise have been out of their grasp in terms of package or job attractiveness. This leaves them poised to take advantage of new opportunities, just as some of their competitors are disadvantaged by leaving areas or downgrading areas of business.
There are substantial knowledge implications in all of this that have ramifications beyond the end of any downturn: it becomes important to manage knowledge with the awareness that the trade cycle is real, and that substantial knowledge assets residing in people –

ranging from specialist knowledge to vast networks of contacts and intelligence – can become vulnerable at any time.

The first big impact is on trust – knowledge capture initiatives, where people are being invited to share their knowledge in some way, become substantially more difficult to implement in a downturn, and nearly impossible during wholesale downsizing. Knowledge harvesting projects (based on debrief interviews) depend hugely on cooperation. So do things like document publishing on intranets, discussion databases etc. 'What's in it for me?' becomes an even more burning question than in normal circumstances. It's only natural that people protect their knowledge when they don't feel safe. And if people feel aggrieved at their treatment, they are unlikely to divulge much that is of use.

Second, there can also be a substantial impact on learning. In a tight cash-flow situation, often the first cut is to training budgets and things like conference attendance. While understandable, this is a questionable practice; such actions endanger the very future of the organization. If most people in most organizations are knowledge workers, cutting off the flow of knowledge is like cutting off the blood supply. In addition, removing altogether any means of personal development demoralizes people (especially the better ones) and can stifle the very innovation that might be needed to survive.

The third impact is an obvious one: the risk of loss to organizational memory. To simply dispose of people who have previously been productive members of an organization carries a great risk. Almost every downsize has been followed by stories of workers either hired back at additional salary, or at high day rates as consultants, because their skills should not have been dispensed with – or worse, hired by competitors. If you must lose people, it is vital to be extremely careful both about whom you let go, and how many. The knowledge you lose when these individuals leave is likely to be lost forever.

Knowledge management projects can be used to springboard new goals, processes, or organizational structures. Using knowledge as the thread that ties people, skills and organizations together is a useful way forward. When processes in particular are redesigned or reshaped, this is a golden opportunity to consider whether knowledge management or learning steps can be built in (for example, when doing projects, preparing bids, or processing customer transactions).

An approach to knowledge should in any case be at the heart of organizational strategy. Mobilizing what people and teams in companies know, learning from what they do and applying it to new situations, leveraging what has already been learned, are all essential capabilities for competing in the modern age. Knowledge management strategy is about pulling things together – a knowledge approach to people and skills, business processes (formal and informal), technology infrastructure and content management – in an effort to properly exploit an organization's knowledge assets and resources (which are mostly in people), and build the key knowledge capabilities it needs to compete. This sort of root and branch evaluation is highly appropriate when considering courses of action to come out fighting at the end of a downturn.

People need reassurance if they are to perform; as soon as practically possible, organizations need to reinstate things like training and development programmes, attendance at conferences, and internal knowledge sharing and networking events. Such activities tell people they are valued and that the company sees them playing a part in its future. People will perform better if they feel safe – while the company won't die from being starved of new thinking.

5. DISCUSSIONS AND CONCLUSION

This principles apply equally regardless of size to large corporate firms and public sector bodies with many thousands of employees and large budgets, but also to smaller organizations – small to medium enterprises (SMEs), in agencies or small public sector bodies, or at the business unit level of larger organizations, because the benefits can be reaped much faster and more directly, while the knowledge sharing and communications difficulties that plague large companies can more easily be addressed in smaller ones.
We tried a flexible approach to help those concerned with improving organizational performance build new and innovative programmes to mobilize knowledge and information within their companies. Our goal was a guide through the background thinking and terminology, present the various issues, tools and approaches, and set out an approach for mapping these to specific organizational needs.

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